

**CITY COURT OF HOUMA  
TERREBONNE PARISH, LOUISIANA**

***Annual Financial Report***

***December 31, 2007***

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/18/08



STAGNI & COMPANY, LLC

**CITY COURT OF HOUMA  
TERREBONNE PARISH, LOUISIANA  
Annual Report  
December 31, 2007**

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**CITY COURT OF HOUMA, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2007*

This discussion and analysis of the City Court of Houma, Louisiana's financial performance provides an overview of the financial activities as of and for the year ended December 31, 2007. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

Our financial statements provide these insights into the results of this year's operations:

- Net assets of our governmental activities increased by \$121,142.
- As a result of this year's operations, assets exceeded liabilities by \$206,858 (net assets).
- Total spending for all governmental activities was \$695,225 for the year, which was \$81,184 less than the program revenues of \$776,409.
- The governmental funds reported total ending fund balance of \$177,175 of which all was considered unreserved. This compares to the prior year ending fund balance -- of \$74,752, reflecting an increase of \$102,423 for the current year.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance -- Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

**Government-Wide Financial Statements**

One of the most important questions asked about finances is, "Is the City Court of Houma, Louisiana as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the

**CITY COURT OF HOUMA, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2007*

accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, to assess the overall health of the City Court of Houma, Louisiana.

***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws. The City Court of Houma, Louisiana uses only the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

***FINANCIAL ANALYSIS AS A WHOLE (GWFS)***

Net assets increased by \$121,142, or over 100% as a result of this year's operations, which indicates that the overall financial position substantially increased during the year mainly due to an increase in revenues and a decrease in expenses for the year. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—absorbed most of the decrease this year. The balance in net assets represents the accumulated results of all past years' operations.

Our analysis focuses on the net assets (Table A) and changes in net assets (Table B) of the governmental-type activities:

**CITY COURT OF HOUMA, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2007*

Table A  
Condensed Statement of Net Assets

	2006	2007	Dollar Change	Total Percent Change
Current and Other Assets	\$ 231,307	\$ 243,544	\$ 12,237	5.3%
Capital Assets	31,711	29,683	(2,028)	-6.4%
<b>Total Assets</b>	<b>263,018</b>	<b>273,227</b>	<b>10,209</b>	<b>3.9%</b>
Current Liabilities	177,302	66,369	(110,933)	-62.6%
<b>Total Liabilities</b>	<b>177,302</b>	<b>66,369</b>	<b>(110,933)</b>	<b>-62.6%</b>
Invested in Capital Assets	31,711	29,683	(2,028)	-6.4%
Unrestricted	54,005	177,175	123,170	228.1%
<b>Total Net Assets</b>	<b>\$ 85,716</b>	<b>\$ 206,858</b>	<b>\$ 121,142</b>	<b>141.3%</b>

Table B  
Condensed Statement of Activities

	2006	2007	Dollar Change	Total Percent Change
Total program expenses	\$(764,282)	\$(695,225)	\$ (69,057)	-9.0%
Total program revenues	729,503	776,409	46,906	6.4%
<b>Net program income</b>	<b>(34,779)</b>	<b>81,184</b>	<b>115,963</b>	<b>333.4%</b>
General revenues	24,739	19,211	(5,528)	-22.3%
<b>Change in Net Assets</b>	<b>(10,040)</b>	<b>100,395</b>	<b>110,435</b>	<b>1100.0%</b>
<b>Net Assets:</b>				
Beginning of the year	95,756	106,463	10,707	11.2%
End of the year	<b>\$ 85,716</b>	<b>\$ 206,858</b>	<b>\$121,142</b>	<b>141.3%</b>

Program revenues for the governmental activities increased by \$6,906 a little more than 6%, while expenses decreased by \$69,057 or approximately 9%. General revenues consisting of interest earned and other miscellaneous revenue decreased by \$5,528 or more than 20%.

**CITY COURT OF HOUMA, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2007*

**FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)**

The City Court of Houma, Louisiana uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the Court is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The governmental fund – general fund, reported an ending fund balance of \$177,175. This reflects a substantial increase of \$102,423 from last year. This increase is primarily the result of the events and programs described within the analysis of the governmental activities. Total revenues increased approximately \$20,630 or 3%, however the components of total assets changed quite differently. Criminal fees and building fees increased by approximately 20% while Civil fees decreased by 14%. Current expenditures for judicial activities were \$679,025 and decreased from the prior year by almost 10%, mainly in the amount paid to Terrebonne Parish Consolidated Government (20%), travel, education and seminars (44%) and juvenile expenses (38%). Capital outlay equaled \$14,172, basically the same as last year.

The agency funds are composed mainly of cash for fines and fees collected for amounts due to others from these collections. There was a slight decrease in cash and liabilities of \$6,436 for the year. The Civil Cost Fund is the largest of the agency funds with approximately \$615,000 in cash and amounts held for future disposition. The Criminal Cost Fund reflects \$160,000 in cash and funds held for future disposition. The Bond Fund reflects \$11,000 in cash and bonds held for future disposition.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget for the General Fund was revised during the year as summarized below.

**CITY COURT OF HOUMA, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2007*

Originally budgeted revenues	\$ 783,700
<b>Increases (decreases) were provided for:</b>	
An increase in fees collected	67,173
A decrease in intergovernmental revenue	(11,963)
A decrease in restitution collected	(1,253)
A decrease in interest earned	(9,448)
Final budgeted revenues	<u>\$ 828,209</u>

Originally budgeted expenditures	\$ 783,700
<b>Increases (decreases) were provided for:</b>	
A decrease in amount reimbursed to TPCG	(103,673)
An increase in salaries and related benefits	914
An increase in office operations	6,973
A decrease in professional services	(10,298)
A decrease in travel, education and seminars	(2,398)
A decrease in capital outlay	(828)
Final budgeted expenditures	<u>\$ 674,390</u>

**CAPITAL ASSETS**

Capital assets, net of accumulated depreciation, for governmental activities at year-end were \$29,683. This year there was \$14,172 of additions and \$11,200 of disposals to capital assets. Depreciation of \$13,959 was recorded on capital assets. More detailed information about the capital assets is presented in Note 3 to the financial statements.

**DEBT**

At year-end, the City Court of Houma, Louisiana had no debt outstanding.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Many factors were considered when budgeting for the current fiscal year. Possible new laws and regulations, increased rates and fees that would be charged were all considered. Historically, the office staff and costs remain stable and should continue to do so. The

**CITY COURT OF HOUMA, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2007*

Terrebonne Parish Council in their current operating budget absorbs some capital asset purchases and other operating expenses. If these estimates remain consistent, the City Court of Houma, Louisiana's General Fund balance is expected to decrease accordingly by the close of 2008. Highlights of next year's adopted budget for the general fund include:

**Condensed Summary of Budgeted Finances**

	<u>2008</u>
<b>Anticipated revenues</b>	\$ 836,500
<b>Expenditures:</b>	
Current	971,500
Capital outlay	<u>15,000</u>
<b>Anticipated expenditures</b>	<u>986,500</u>
Excess of revenues	(150,000)
<b>Fund Balance:</b>	
Beginning of the year	<u>298,112</u>
End of the year	<u><u>\$ 148,112</u></u>

**CONTACTING FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City Court of Houma, Louisiana's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Mr. Douglas Holloway, Court Administrator  
8046 Main Street  
Houma, LA 70360  
Phone 985-868-4232



## ***FINANCIAL SECTION***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Jude Thaddeus Fanguy, Judge  
City Court of Houma  
Terrebonne Parish, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the City Court of Houma, Louisiana, a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2007, which collectively comprise the basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of City Court of Houma's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Statements*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the City Court of Houma, Louisiana as of December 31, 2007 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Jude Thaddeus Fanguy, Judge  
City Court of Houma, Louisiana

In accordance with *Government Auditing Standards*, we have also issued a report dated April 10, 2008, on our consideration of the City Court of Houma's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Required Supplementary Information, as listed in the foregoing table of contents, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City Court of Houma's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City Court of Houma. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Stagni & Company*

Thibodaux, Louisiana  
April 10, 2008



**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
*Statement of Net Assets - Governmental Activities*  
*December 31, 2007*

**ASSETS**

Cash	\$ 125,346
Investments	37,765
Due from Agency Funds	5,000
Restitution Receivable	17,000
FINS Grant Receivable	6,765
Fees & costs receivable	51,668
Capital Assets, net of depreciation	<u>29,683</u>
<b>TOTAL ASSETS</b>	<u><b>273,227</b></u>

**LIABILITIES**

Accounts payable	16,758
Due to Terrebonne Parish Consolidated Govt	<u>49,611</u>
<b>TOTAL LIABILITIES</b>	<u><b>66,369</b></u>

**NET ASSETS**

Invested in capital assets	29,683
Unrestricted	<u>177,175</u>
<b>TOTAL NET ASSETS</b>	<u><b>\$ 206,858</b></u>

See notes to financial statements.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
*Statement of Activities - Governmental Activities*  
*For the Year Ended December 31, 2007*

FUNCTIONS/PROGRAMS	Program Revenue			Net (Expense) Revenue
	Expenses	Charges for services	Operating Grants	
Judicial activities:				
	\$695,225	\$ 732,991	\$ 43,418	\$ 81,184
Total governmental activities	<u>695,225</u>	<u>732,991</u>	<u>43,418</u>	<u>81,184</u>
<b>GENERAL REVENUES</b>				
Miscellaneous				1,609
Interest earned				17,602
TOTAL GENERAL REVENUES				<u>19,211</u>
CHANGE IN NET ASSETS				100,395
NET ASSETS:				
Beginning of year				106,463
End of year				<u>\$ 206,858</u>

See notes to financial statements.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
*Balance Sheet - Governmental Fund - General Fund*  
*December 31, 2007*

**ASSETS**

Cash	\$ 125,346
Investments	37,765
Due from Agency Funds	5,000
Restitution Recievable	17,000
FINS Grant Receivable	6,765
Fees & Costs Receivable	<u>51,668</u>
Total assets	<u>243,544</u>

**LIABILITIES**

Accounts Payable	16,758
Due to Terrebonne Parish Consolidated Govt	<u>49,611</u>
Total liabilities	<u>66,369</u>

**FUND EQUITY**

Fund balance - unreserved, undesignated	<u>177,175</u>
Total fund equity	<u>177,175</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

	<u>29,683</u>
Net assets of governmental activities	<u>\$ 206,858</u>

See notes to financial statements.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**

*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Governmental Fund - General Fund*  
*For the Year Ended December 31, 2007*

**REVENUES**

Charges for services:	
Criminal fees	\$ 263,753
Juvenile fees	40,466
Civil fees	255,286
Building fees	173,486
Intergovernmental revenue	43,418
Miscellaneous:	
Interest	17,602
Other	1,609
Total revenues	<u>795,620</u>

**EXPENDITURES**

Current:	
Reimbursement to Terrebonne	
Parish Consolidated Government	285,542
Transfer to Parish for Building Fund	155,956
Salaries and employee benefits	53,806
Office supplies	36,352
Postage	19,676
Law books, dues and publications	12,776
Professional services	13,280
Travel, education and seminars	17,588
Telecommunications	15,695
Computer expenditures	300
Juvenile expenses	28,571
Community work program	890
Uniform and clothing allowance	3,408
Insurance	3,192
Equipment repairs and maintenance	14,040
Miscellaneous	17,953
Total current expenditures	<u>679,025</u>
Capital outlay	14,172
Total expenditures	<u>693,197</u>

Excess (deficiency) of revenues over expenditures	102,423
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**FUND BALANCES**

Beginning of year	74,752
End of year	<u>\$ 177,175</u>

See notes to financial statements.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
*Reconciliation of the Net Change in Fund Balances (FFS)*  
*to the Statement of Activities (GWFS)*  
*For the Year Ended December 31, 2007*

Net change in fund balances—total governmental funds (FFS)	\$ 102,423
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	14,172
Loss on disposal of assets	(2,241)
Depreciation	<u>(13,959)</u>

Change in net assets - governmental activities (GWFS)	<u>(2,028)</u>
	<u><u>\$ 100,395</u></u>

See notes to financial statements.



**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
*Statement of Fiduciary Net Assets - Agency Funds*  
*December 31, 2007*

	ASSETS					
	Civil Cost Fund	Criminal Cost Fund	Bond Fund	Totals		
Cash	\$ 326,822	\$ 99,293	\$ 11,077	\$	437,192	
Investments	290,804	61,395			352,199	
Total assets	<u>\$ 617,626</u>	<u>\$ 160,688</u>	<u>\$ 11,077</u>		<u>\$ 789,391</u>	
<b>LIABILITIES</b>						
Due to governmental funds	\$ 5,000			\$	5,000	
Due to other governments	2,859				2,859	
Bonds held for future disposition			\$ 11,077		11,077	
Civil funds held for future disposition	609,767				609,767	
Criminal funds held for future disposition		\$ 160,688			160,688	
Total liabilities	<u>\$ 617,626</u>	<u>\$ 160,688</u>	<u>\$ 11,077</u>		<u>\$ 789,391</u>	

See notes to the financial statements.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2007

**INTRODUCTION**

The City Court of Houma is organized under the Louisiana Revised Statute 13:1872. The City Court is a limited jurisdiction court handling civil suits up to \$20,000, adult misdemeanors and juvenile proceedings. The Honorable Judge of the City Court of Houma is an elected official whose current term ends December 31, 2008.

**Note 1                      Summary of Significant Accounting Policies**

**A.      Basis of Presentation**

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B.      Reporting Entity**

The Judge of the City Court of Houma is an independently elected official. However, the City Court of Houma is fiscally dependent on the Terrebonne Parish Consolidated Government for office space, courtrooms, and related utility costs, as well as partial funding of salary costs.

The accompanying financial statements present information only on the funds maintained by the City Court of Houma and do not present information on the Terrebonne Parish Consolidated Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**C.      Fund Accounting**

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are grouped into two broad categories as follows:

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2007

**Note 1                      Summary of Significant Accounting Policies (Continued)**

**C.      Fund Accounting (Continued)**

**Governmental Fund Type**

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the governmental funds:

General Fund - The General Fund is used to account for all financial resources and expenditures of the City Court of Houma, Louisiana except those required to be accounted for in other funds.

**Fiduciary Fund Type**

Agency Funds - Agency Funds are used to account for assets held by the City Court of Houma, Louisiana as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

**D.      Measurement Focus / Basis of Accounting**

**Fund Financial Statements (FFS)**

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2007

**Note 1      Summary of Significant Accounting Policies (Continued)**

**D.      Measurement Focus / Basis of Accounting (Continued)**

**Fund Financial Statements (FFS) (Continued)**

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end.

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues** – Court fines and fees and interest are recorded when earned and measurable.

**Expenditures** – The major expenditures of salaries and benefits, and court processing and clerk fees are recorded when the salary is earned and payable or when the fees are incurred.

**Government-Wide Financial Statements (GWFS)**

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2007

**Note 1      Summary of Significant Accounting Policies (Continued)**

**D.      Measurement Focus / Basis of Accounting (Continued)**

**Program Revenues** - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

**E.      Budgets**

The City Court of Houma, Louisiana presents, adopts and amends an operating budget for the general fund as required by the Louisiana Local Government Budget Act. The budget is prepared on a modified accrual basis of accounting. The budget presented in the Budget Comparison Schedule shows the original and final amended budgets for the year.

The City Court of Houma does not utilize encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers.

**F.      Cash and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the Houma City Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. City Court of Houma's cash includes amounts in regular and savings accounts.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. State law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2007

**Note 1      Summary of Significant Accounting Policies (Continued)**

**F.      Cash and Investments (continued)**

The City Court of Houma, Louisiana may invest idle funds as authorized by Louisiana Statutes, as follows:

- (a) United States bonds, treasury notes, certificates, or any other federally insured investments.
- (b) Time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the state of Louisiana.
- (c) Mutual or trust funds, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940 and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies.

**G.      Capital Assets**

Capital assets are capitalized at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The court maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the GWFS. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture and equipment	5 years

**H.      Compensated Absences**

All individuals who work at the City Court of Houma are primarily employees of the Terrebonne Parish Consolidated Government; therefore, no liability for compensated absences is recorded in these financial statements. Vacation and sick leave do not accumulate.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2007

**Note 1      Summary of Significant Accounting Policies (Continued)**

**I.      Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

**J.      Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**Note 2                      Deposits and Investments**

**Deposits**

The year-end balances of deposits are as follows:

	Bank Balances	Reported Amount
Cash	\$603,362	\$562,538
Certificates of Deposit	80,000	80,000
Totals	\$683,362	\$642,538

State law requires deposits (cash & certificates of deposit) be fully collateralized at all times. Acceptable collateralization includes the FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. In accordance with state law all cash and deposits were collateralized.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2007

**Note 2                      Deposits and Investments (Continued)**

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. As of December 31, 2007, \$273,362 of the City Court's bank balance of \$683,362 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the City Court's name.

At year-end, cash and certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of depositors. The GASB, which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

A reconciliation of deposits reported on the financial statements follows:

	Reported Amount
Cash – governmental funds	\$125,346
Cash – agency funds	437,192
Certificates of deposit – agency funds	80,000
Totals	\$642,538

***Investments***

State statutes authorize investing in obligations of the US Treasury, agencies, and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).



**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2007

**Note 2                      Deposits and Investments (Continued)**

At December 31, 2007 investments and maturities were as follows:

Investment Type	Fair Value	Investment Matures in less than 1 year	Investment Matures in 1 to 5 years
US Government Securities Fund	\$119,297	\$119,297	
Mortgage and Asset Backed Securities	177,440		177,440
Government Money Funds	13,227	13,227	
Certificates of Deposit	80,000	80,000	
<b>Totals</b>	<b>\$389,964</b>	<b>\$212,524</b>	<b>\$177,440</b>

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the City Court will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

Total reconciliation of investments as shown reported on the financial statements is as follows:

	Reported Amount
Investments – governmental fund	\$37,765
Investments – agency funds	352,199
<b>Totals</b>	<b>\$389,964</b>

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2007

**Note 3                      Capital Assets**

Capital assets and depreciation activity for the year is as follows:

Governmental Activities	Beginning Balance	Additions	Deletions/ Adjustments	Ending Balance
Furniture and Equipment	\$312,115	\$14,172	\$11,200	\$315,087
Less accumulated depreciation	\$280,404	\$13,959	\$8,959	\$285,404
Furniture & Equipment, net	\$31,711			\$29,683

Depreciation expense for the year recorded for governmental activities was \$13,959.

**Note 4                      Employee Retirement Systems**

All individuals who work at City Court of Houma, Louisiana are primarily paid by the Terrebonne Parish Consolidated Government and are consequently members of the State Parochial Employee's Retirement System of Louisiana and the Louisiana State Employee's Retirement System. GASB requires certain disclosures for employers who maintain retirement plans for their employees.

All individuals employed at the City Court of Houma, Louisiana are primarily compensated by others who disclose the required retirement plan information in their separately issued financial statements. The retirement plan mentioned above is administered and controlled by a separate board of trustees.

**Note 5                      Reimbursement to Terrebonne Parish Consolidated Government**

The Terrebonne Parish Consolidated Government pays certain operating costs of the City Court of Houma, Louisiana. These costs include salaries and benefits, supplies, utilities and insurance and are not recognized as expenditures by the City Court of Houma, Louisiana and accordingly, are not included in the basic financial statements. Houma City Court reimburses the Terrebonne Parish Consolidated Government the excess of an agreed upon monthly budgeted amount (this year that amount is \$64,856 for the year). The total amount incurred by the TPCG was \$1,063,816 of which the City Court of Houma reimbursed \$285,542.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2007

**Note 6      *Risk Management***

City Court of Houma, Louisiana is exposed to various risks of loss related to tort; theft of, damage to, or destruction of assets; errors and omissions; and injuries to the public; and natural disasters. To protect against these risks, the District has purchased commercial or other insurance for the losses to which it is exposed.

**Note 7      *Cooperative Endeavor Agreements – Building Fund***

Beginning April 9, 2001 a cooperative endeavor was entered into pursuant to a resolution of the Terrebonne Parish Council to provide for the receipt, accounting and management of fees collected under LRS Title 13, Section 1910 (known as Act 901 fees) that provides for a City Court Building Fund to be "dedicated exclusively to the acquisition, leasing, construction, equipping, and maintenance of new and existing city courts and for the maintenance and payment of any bond indebtedness on any such existing facilities"

The fee of not to exceed \$20 is assessed on all civil and criminal cases filed in the jurisdiction of the Houma City Court. The City Court of Houma collects these fees and remits the fees monthly to the Terrebonne Parish Consolidated Government to account for these fees as prescribed. The amount collected and remitted for the current year is \$173,486.

***REQUIRED SUPPLEMENTAL INFORMATION  
SECTION***

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
*Budget Comparison Schedule - General Fund*  
*For the Year Ended December 31, 2007*

	Budget			Favorable (Unfavorable)
	Original	Final	Actual	Variance
<b><u>REVENUES</u></b>				
Charges for services:				
Criminal fees	\$ 250,000	\$ 282,302	\$ 263,753	\$ (18,549)
Juvenile fees	45,000	42,908	40,466	(2,442)
Civil fees	260,000	274,327	255,286	(19,041)
Building fees	144,000	166,636	173,486	6,850
Intergovernmental revenue	52,000	40,037	43,418	3,381
Restitution	5,000	3,747	-	(3,747)
Miscellaneous:				
Interest	26,200	16,581	17,602	1,021
Other	1,500	1,671	1,609	(62)
Total revenues	<u>783,700</u>	<u>828,209</u>	<u>795,620</u>	<u>(32,589)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Reimbursement to Terrebonne				
Parish Consolidated Government	400,000	273,691	285,542	(11,851)
Transfer to Parish for Building Fund	144,000	166,636	155,956	10,680
Salaries and employee benefits	38,500	43,840	53,806	(9,966)
Office supplies	25,000	35,107	36,352	(1,245)
Postage	20,000	19,676	19,676	-
Law books, dues and publications	12,000	12,776	12,776	-
Professional services	45,000	34,702	13,280	21,422
Travel, education and seminars	20,000	17,602	17,588	14
Telecommunications	14,000	14,933	15,695	(762)
Computer expenditures	-	-	300	(300)
Microfilm services	-	-	28,571	(28,571)
Community work program	1,000	518	890	(372)
Uniform and clothing allowance	6,000	3,408	3,408	-
Insurance	2,200	3,192	3,192	-
Equipment repairs and maintenance	16,000	14,340	14,040	300
Drug Tests	10,000	4,582	-	4,582
Miscellaneous	15,000	15,215	17,953	(2,738)
Total current expenditures	<u>768,700</u>	<u>660,218</u>	<u>679,025</u>	<u>(18,807)</u>
Capital outlay	<u>15,000</u>	<u>14,172</u>	<u>14,172</u>	<u>-</u>
Total expenditures	<u>783,700</u>	<u>674,390</u>	<u>693,197</u>	<u>(18,807)</u>
Excess (deficiency) of revenues over expenditures	-	153,819	102,423	(13,782)
<b><u>FUND BALANCES</u></b>				
Beginning of year	<u>144,293</u>	<u>144,293</u>	<u>74,752</u>	<u>74,752</u>
End of year	<u>\$ 144,293</u>	<u>\$ 298,112</u>	<u>\$ 177,175</u>	<u>\$ 60,970</u>

See notes to financial statements.

## ***REPORTS REQUIRED BY GAO***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Jude Thaddeus Fanguy, Judge.  
City Court of Houma  
Terrebonne Parish, Louisiana

We have audited the financial statements of the governmental activities and each major fund of the City Court of Houma, Louisiana, a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2007, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated April 10, 2008. We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City Court of Houma's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the internal control.

Honorable Jude Thaddeus Fanguy, Judge.  
City Court of Houma  
Terrebonne Parish, Louisiana  
Page 2

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City Court of Houma, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of, management. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document

*Stagni & Company*

April 10, 2008  
Thibodaux, Louisiana





**CITY COURT OF HOUMA  
TERREBONNE PARISH, LOUISIANA  
SCHEDULE OF CURRENT YEAR FINDINGS  
For the Year Ended December 31, 2007**

We have audited the financial statements of the governmental activities and each major fund of the City Court of Houma, Terrebonne Parish, Louisiana, a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2007, which collectively comprise the basic financial statements as listed in the table of contents, and have issued our report thereon dated April 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit of the financial statements as of December 31, 2007 resulted in an unqualified opinion.

**Section I - Summary of Auditor's Reports**

**a. Report on Internal Control and Compliance Material to the Financial Statements**

**Internal Control**

Material Weaknesses ☒ No

Significant Deficiencies ☒ No

**Compliance**

Compliance Material to Financial Statements ☒ No

**b. Federal Awards** N/A

**Internal Control**

Material Weaknesses ☐

Significant Deficiencies ☐

Type of Opinion On Compliance Unqualified ☐

For Major Programs Disclaimer ☐

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)? ☐

**c. Identification of Major Programs:** N/A

<b>CFDA Number (s)</b>	<b>Name of Federal Program (or Cluster)</b>
<hr/>	
Dollar threshold used to distinguish between Type A and Type B Programs: \$ <span style="float:right"><input type="text"/></span>	
Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? <span style="float:right"><input type="checkbox"/></span>	

**Section II - Financial Statement Findings**

**NONE**

